

Message Text

CONFIDENTIAL

PAGE 01 KUWAIT 03824 201637Z

15

ACTION NEA-12

INFO OCT-01 AF-10 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 ACDA-19 IO-14 AID-20 COME-00 EB-11

FRB-02 TRSE-00 XMB-07 OPIC-12 CIEP-02 OMB-01 INT-08

SCEM-02 SCI-06 SSO-00 NSCE-00 INRE-00 DRC-01 /230 W

----- 038692

P 201313Z OCT 73 ZDK

FM AMEMBASSY KUWAIT

TO SECSTATE WASHDC PRIORITY 7944

INFO AMEMBASSY ABU DHABI PRIORITY

AMEMBASSY BEIRUT PRIORITY

AMEMBASSY BONN PRIORITY

AMEMBASSY JIDDA PRIORITY

AMEMBASSY LONDON PRIORITY

AMEMBASSY PARIS PRIORITY

USMISSION OECD PARIS PRIORITY

AMEMBASSY TRIPOLI PRIORITY

C O N F I D E N T I A L KUWAIT 3824

E.O. 11652: GDS

TAGS: EFIN, PFOR, XF, KU, US

SUBJECT: ARAB FINANCIAL RESERVES AS A WEAPON

REF: KUWAIT 3759

1. WE HAVE LEARNED THAT AT RECENT OAPEC MINISTERIAL MEETING TO DISCUSS USE OF OIL AS WEAPON DURING CURRENT MIDEAST HOSTILITIES, QUESTION AROSE REGARDING USE OF ARAB FINANCIAL RESERVES AS A WEAPON, SPECIFICALLY WITHDRAWING ARAB ASSETS FROM US BANKS. MATTER WAS REFERRED TO ARAB CENTRAL BANKERS WHO MAY MEET SOON TO DISCUSS QUESTION.

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KUWAIT 03824 201637Z

2. KD/DOLLAR RATE, WHICH SET DAILY BY KUWAIT CENTRAL BANK HAS REMAINED STABLE. HOWEVER, SOME LARGER MONEY CHANGERS GETTING BEARISH REGARDING DOLLAR. THERE APPEARS TO BE SOME MOVEMENT IN PRIVATE SECTOR AWAY FROM DOLLARS TO STERLING AND DEUTSCHE MARK. WE BELIEVE THIS IS BASED ON GENERAL NERVOUSNESS AND ON WEAKNESS OF DOLLAR IN EUROPEAN MONEY MARKETS LAST THURSDAY AND FRIDAY.

3. WE CONTINUE TO BELIEVE GOK NOT RPT NOT INTERESTED IN USING ITS FINANCIAL RESERVES TO MANIPULATE INTERNATIONAL CURRENCY MARKETS. EMBOFF WAS GIVEN THAT IMPRESSION IN MEETING WITH GOVERNOR CENTRAL BANK FEW DAYS AGO (REFTTEL) AND SENIOR MINISTRY FINANCE OFFICIAL TOLD AMERICAN JOURNALIST GOK DID NOT RPT NOT INTEND MAKE MAJOR SHIFTS OF ASSETS FROM DOLLARS TO OTHER CURRENCIES.

4. COMMENT: WE INTEND KEEP IN TOUCH WITH LOCAL BANKERS, BUSINESSMEN AND OFFICIALS OVER NEXT FEW DAYS AND WILL SEND FOLLOW-UP REPORT. WE ANTICIPATE SOME MOVEMENT OUT OF DOLLARS BY PRIVATE INDIVIDUALS IN REACTION TO GENERAL UNSETTLED CONDITIONS IN MARKETS, BUT WE DO NOT BELIEVE GOK AS MATTER OF POLICY WILL BEGIN ATTEMPT TO MANIPULATE INTERNATIONAL MONEY MARKETS. STRENGTH OF DOLLAR IN MIDDLE EAST WILL BE AFFECTED GREATLY BY DEVELOPMENTS IN ARAB/ISRAELI WAR AND ITS SITUATION IN EUROPEAN FINANCIAL MARKETS. END COMMENT
STOLTZFUS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 20 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973KUWAIT03824
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS STOLTZFUS
Errors: N/A
Film Number: n/a
From: MANAMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731019/aaaaanzg.tel
Line Count: 89
Locator: TEXT ON-LINE
Office: ACTION NEA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: KUWAIT 3759
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 27 NOV 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <27-Nov-2001 by willialc>; APPROVED <07-Jan-2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ARAB FINANCIAL RESERVES AS A WEAPON
TAGS: EFIN, PFOR, XF, KU, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005